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June 21, 2001

EX PARTE OR LATE FILED

Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: ***Ex Parte***
CC Docket No. 96-98
CC Docket No. 98-147

Dear Ms. Salas:

Pursuant to Sections 1.1206(a) and (b) of the Commission's rules this will provide notice that on June 20, 2001, Tom Hartnet, Chief Software Engineer and Cofounder, Taqua Systems, Tom DeCanio, Vice President, Product Marketing and Management, Taqua Systems, and Catherine Wang and the undersigned of this firm met with the following in separate meetings: (1) Commissioner Gloria Tristani and Deena Shetler; (2) Commissioner Kathleen Abernathy and Adam Kirschenbaum; (3) Kyle Dixon and Bill Quirk, Office of the Chairman; (4) Jordan Goldstein, Office of Commissioner Michael Copps; and (5) Brent Olsen and Kimberly Cook, Common Carrier Bureau, and Paul Marrangoni and Shanti S. Gupta Office of Engineering and Technology. We presented the views set forth in the attached document, which was provided at these meetings.

Sincerely,

Patrick J. Donovan
Counsel for Taqua Systems

cc: Commissioner Gloria Tristani
Commissioner Kathleen Abernathy
Kyle Dixon
Bill Quirk

Deena Shetler
Adam Kirschenbaum
Jordan Goldstein
Brent Olsen
William Kehoe
Kimberly Cook
Paul Marrangoni
Shanti S. Gupta

Advanced Services and ILEC Collocation
Enabling Competition in the Local Exchange

TAQUA SYSTEMS
The Emerging Force in Telecommunications

- **About Taqua Systems**
  - Headquartered in Hyannis, MA with development facilities in Richardson, TX and Meriden, CT.; 250+ employees
  - Founded in 1998 with the goal of building a compact, cost effective, and next-generation Class 5 switching system
  - VC funded (includes: Columbia Capital, Charles River Ventures, Soros Private Equity Partners, Vulcan Ventures, Bessemer Venture Partners); Over $90MM raised thus far.
  - Early trials 4Q00; shipments began January 2001; now ramping up sales
- **Open Compact Exchange (OCX) and the Open Exchange Architecture**
  - Provides direct interconnection to ILEC loop and transport UNEs.
  - Terminates/provides direct access to analog (POTS with BORSCHT) and digital DS1 Lines
  - Distributed architecture with complete class 5 on a single card (as few as 80 subscribers)
  - Up to 40,000 subscribers in a single 2'x2' rack mountable shelf
  - GR303 for DLC and other remote gateway devices
  - DS1/DS3/OC3 multiplexing and transport
  - PSTN signaling (DTMF, SS7, PRI, CAS, E911, LNP)
  - Full feature set of Voice Services (Call Waiting, 3-Way Calling, CallerID, etc.)
  - CALEA compliant/NEBS compliant
- **Next Generation Enabling Capabilities**
  - Third Party Application Developer/Customer - built enhanced voice services (Unified Messaging, Internet/Telephony Integration, etc.) via open and standards based interfaces (SIP, open API, AIN)
  - Integrated softswitch functionality: Media Gateway, Call agent, Signaling Gateway, and Application Services functionality and interoperability in a single shelf
  - Next-Generation ATM/IP access and trunk gateways
- **Value Proposition**
  - Extremely scalable, multifunctional voice-oriented switch with strong pay-as-you-grow economics
  - By reducing the cost of providing full Class 5 services, fosters competition for Business and Residential Local Exchange Service
    - Reseller UNE-P model does not provide adequate margins or reduce costs to consumers
    - CLECs face million $ expense for legacy Class 5 for the first customer
- **Target Markets**
  - CLECs
  - Resellers seeking to be facilities-based
  - Independents/RUS-funded
  - ILECs via Cap & Grow: out-of-franchise CLEC operations, legacy displacement.
  - ISPs seeking to add voice services
- **Why We're Here**
  - ILEC collocation is the most cost effective location for this equipment (access to UNEs interconnection)
  - Digital Loop Carrier and un-intelligent Media Gateways insufficient
    - Additional off-site equipment, and associated expense
    - DLC systems can cost $75-$150 per port, legacy Class 5 switch can cost $150-$500 per port. Total cost of $225-$650 per port vs. OCX as low as $75/port
    - Additional space, power, and environmental costs
    - Require large customer base for acceptable margins/reduced costs to the consumer.

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